

103^D CONGRESS
1ST SESSION

S. 1616

To amend the Internal Revenue Code of 1986 to increase the tax on handgun ammunition, to impose the special occupational tax and registration requirements on importers and manufacturers of handgun ammunition, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 3 (legislative day, NOVEMBER 2), 1993

Mr. MOYNIHAN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to increase the tax on handgun ammunition, to impose the special occupational tax and registration requirements on importers and manufacturers of handgun ammunition, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Real Cost of Handgun
5 Ammunition Act”.

6 **SEC. 2. INCREASE IN TAX ON HANDGUN AMMUNITION.**

7 (a) INCREASE IN MANUFACTURERS TAX.—

1 (1) IN GENERAL.—Section 4181 of the Internal
2 Revenue Code of 1986 (relating to imposition of tax
3 on firearms) is amended—

4 (A) by striking “Shells, and cartridges”
5 and inserting “Shells and cartridges not taxable
6 at 50 percent or 10,000 percent”, and

7 (B) by adding at the end the following:

8 “ARTICLES TAXABLE AT 50 PERCENT.—

9 “Any centerfire cartridge which has a car-
10 tridge case less than 1.3 inches in length.

11 “Any cartridge case which is less than 1.3
12 inches in length.

13 “ARTICLES TAXABLE AT 10,000 PERCENT.—

14 “Any jacketed, hollow point projectile
15 which may be used in a handgun and the jacket
16 of which is designed to produce, upon impact,
17 evenly-spaced sharp or barb-like projections
18 that extend beyond the diameter of the unfired
19 projectile.

20 “Any cartridge with a projectile measuring
21 .500 inch or greater in diameter which may be
22 used in a handgun.”.

23 (2) ADDITIONAL TAXES ADDED TO THE GEN-
24 ERAL FUND.—Section 3(a) of the Act of September
25 2, 1937 (16 U.S.C. 669b(a)), commonly referred to

1 as the “Pittman-Robertson Wildlife Restoration
 2 Act”, is amended by adding at the end the following
 3 new sentence: “There shall not be covered into the
 4 fund the portion of the tax imposed by such section
 5 4181 that is attributable to any increase in amounts
 6 received in the Treasury under such section by rea-
 7 son of the amendments made by section 2(a)(1) of
 8 the Real Cost of Handgun Ammunition Act, as esti-
 9 mated by the Secretary.”.

10 (b) EFFECTIVE DATE.—The amendments made by
 11 this section shall apply to sales after December 31, 1993.

12 **SEC. 3. SPECIAL TAX FOR IMPORTERS, MANUFACTURERS,**
 13 **AND DEALERS OF HANDGUN AMMUNITION.**

14 (a) IN GENERAL.—

15 (1) IMPOSITION OF TAX.—Section 5801 of the
 16 Internal Revenue Code of 1986 (relating to special
 17 occupational tax on importers, manufacturers, and
 18 dealers of machine guns, destructive devices, and
 19 certain other firearms) is amended by adding at the
 20 end the following new subsection:

21 “(c) SPECIAL RULE FOR HANDGUN AMMUNITION.—

22 “(1) IN GENERAL.—On first engaging in busi-
 23 ness and thereafter on or before July 1 of each year,
 24 every importer and manufacturer of handgun ammu-
 25 nition shall pay a special (occupational) tax for each

1 place of business at the rate of \$10,000 a year or
2 fraction thereof.

3 “(2) HANDGUN AMMUNITION DEFINED.—For
4 purposes of this part, the term ‘handgun ammuni-
5 tion’ shall mean any centerfire cartridge which has
6 a cartridge case of less than 1.3 inches in length and
7 any cartridge case which is less than 1.3 inches in
8 length.”.

9 (2) REGISTRATION OF IMPORTERS AND MANU-
10 FACTURERS OF HANDGUN AMMUNITION.—Section
11 5802 of the Internal Revenue Code of 1986 (relating
12 to registration of importers, manufacturers, and
13 dealers) is amended—

14 (A) in the first sentence, by inserting “,
15 and each importer and manufacturer of hand-
16 gun ammunition,” after “dealer in firearms”,
17 and

18 (B) in the third sentence, by inserting “,
19 and handgun ammunition operations of an im-
20 porter or manufacturer,” after “dealer”.

21 (b) CONFORMING AMENDMENTS.—

22 (1) CHAPTER HEADING.—Chapter 53 of the In-
23 ternal Revenue Code of 1986 (relating to machine
24 guns, destructive devices, and certain other fire-
25 arms) is amended in the chapter heading by insert-

1 ing “**HANDGUN AMMUNITION,**” after
2 “**CHAPTER 53—**”.

3 (2) TABLE OF CHAPTERS.—The heading for
4 chapter 53 in the table of chapters for subtitle E of
5 such Code is amended to read as follows:

“Chapter 53—Handgun ammunition, machine guns, destructive
devices, and certain other firearms.”

6 (c) EFFECTIVE DATE.—

7 (1) IN GENERAL.—The amendments made by
8 this section shall take effect on July 1, 1994.

9 (2) ALL TAXPAYERS TREATED AS COMMENCING
10 IN BUSINESS ON JULY 1, 1994.—Any person engaged
11 on July 1, 1994, in any trade or business which is
12 subject to an occupational tax by reason of the
13 amendment made by subsection (a)(1) shall be treat-
14 ed for purposes of such tax as having 1st engaged
15 in a trade of business on such date.

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